

## Research Highlight

# How HR Impacts Company Performance

Everyone agrees that human resources adds organizational value. But pinpointing its bottom line impact presents multiple challenges. "While many studies show a relationship between HR practices and profits, few researchers have provided insight on how this relationship works," says Patrick M. Wright of Cornell.

When Ken Carrig, Chief Administrative Officer at Sysco Corporation, a large food service corporation based in Houston, approached Wright about conducting an employee climate survey, he and his research team proposed an expanded study to assess how human resources impacts company performance.

Wright and his Cornell colleagues, Tim Gardner and Lisa Moynihan, studied employees at 50 of Sysco's autonomous business units, each of which generates annual revenues of \$350 to \$700 million. Sysco maintains relatively small business units to build entrepreneurial spirit among unit presidents and provides business unit presidents with tremendous autonomy. Free to manage employees as they see fit, individual Sysco business units design, develop, and implement their own HR practices such as selection, pay, performance management, training and development.

"Sysco's management philosophy of 'earned autonomy' and structure designed to promote entrepreneurship provides a perfect venue to study how HR practices work to create a more

profitable company," says Wright. "It provides a setting where many sources of extraneous variance such as size, technology, and products, are controlled, while great variation exists in the topics of interest: HR practices and performance."


The researchers surveyed employees, who averaged 113 per company, about their company's HR practices, (whether eight specific HR practices existed for their job category: applicant interviews, promotion opportunities, formal tests before hiring, training, annual formal evaluation, performance-based pay raises, performance-based bonuses, participation in quality improvement) and their organizational commitment. In addition, Sysco provided the researchers with performance information about worker's compensation expenses, quality, shrinkage, productivity, operating expenses and profitability for the three to nine month timeframe after the survey data were collected.

The analysis revealed that two key factors — HR practices and organizational commitment — were significantly related to company operating performance, operating expenses and pre-tax profits. Their results also show that HR practices build organizational commitment — a positive work attitude and willingness to go beyond the call of duty for the good of the organization. Committed employees demonstrate greater creativity, productivity, and discretionary effort, all of which

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results in improved operating performance and profitability. "The Sysco study was a perfect example of how the CAHRS partnership can work," says Wright. "Sysco needed a climate survey, and CAHRS was able to develop and implement it. Sysco got a climate survey done for about a third of the price it would have paid a consulting firm, and Cornell gained data that produced an important research study. Most importantly, Sysco's management is now using the survey results to manage their employees and their businesses more effectively. We all benefited significantly. 

*Up Close With...*

## Ezra Singer of Verizon Communications, Inc.

Up for managing human resources at a telecom giant formed from multiple mergers in the midst of technological change and a long-term recession? Welcome to Ezra Singer's world.

"We put two of the biggest companies in America together in June 2000," says Singer, the company's executive vice president - human resources, referring to the merger of Bell Atlantic and GTE, Verizon's predecessors. "And that was shortly after Bell Atlantic had merged with NYNEX."

One of the world's leading providers of high-growth communications services, Verizon is a Fortune 10 organization with more than 230,000 employees and \$67 billion in 2001 revenues. Verizon's global presence extends to 37 countries in the Americas, Europe, Asia and the Pacific. The company reaches one-third of U.S. households, more than one-third of Fortune 500 company headquarters and the Federal Government.

Verizon's HR group is structured on a shared services model, says Singer, who holds a bachelor's degree from Cornell's School of Industrial and Labor Relations and a law degree from Hofstra University. "We have HR centers of excellence that include compensation, benefits, staffing services, workforce and leadership development; diversity and business compliance; labor relations and employee services, which provide services to all company lines of business."

"At the same time," Singer adds, "Individual business units like our telecommunications group, our wireless company, our directories company and our international group have their own HR staffs that handle business strategy, program implementation and frontline generalist support."


"Delivering the next generation of innovation and technology to millions of customers represents a tremendous challenge for human resources," says Singer, who joined predecessor company GTE as an attorney in 1982 and moved into HR shortly before the formation of Verizon in 2000. "That's because deploying world-class wireless and landline networks, designing and delivering innovative products and services and providing terrific customer service all depend on people," he adds.

Integrating the company's people resources is a critical effort Singer spearheaded. "We believed that a critical component of integrating two companies was having everyone in management on the same compensation and benefit plans," says Singer.

Prior to the Bell Atlantic and GTE merger, for example, each company had different retirement plans. The former GTE had a traditional defined benefit plan while Bell Atlantic had launched a cash balance pension shortly before it merged with NYNEX. Each company also provided different levels of retiree medical benefits.

It would have been easy to give everyone the more generous components of each former company's plan, but that would have placed an unsustainable cost structure on Verizon, according to Singer. "At the same time, we wanted to make sure we were being fair to our employees in terms of their expectations. Our new plan is very competitive and has been well received by the workforce," he says.

"Our next challenge is focusing on performance," says Singer. "To succeed in the marketplace, we need to have top talent throughout the organization, a diverse high-performing workforce and productive partnerships with our labor unions." Given the critical roles played by the company's supervisory workforce, HR has been developing tools to help supervisors manage more effectively, and grow personally and professionally.

Verizon is striving to engage our workforce to increase productivity and service quality. "We survey employees twice a year about their jobs, using customized questionnaires tailored for specific business units," Singer says. These survey results are then used by management to determine what is effective and where they need to improve. Other Verizon HR programs focus on developing leaders, such as the Developmental Leadership Initiative, which, in its pilot stage, helps Hispanic employees develop their potential with Verizon, and the company's Leadership Development Program, which features developmental assignments and 360-degree feedback. 



Ezra Singer

Verizon Communications, Inc. (formerly GTE) joined CAHRS in 1990; the 'Up-Close With ...' profiles feature interviews with leaders of CAHRS sponsors.

*Toshiba Corporation*

## 2002 Summer Internship

This summer, I spent nine weeks as an HR intern at Toshiba Corporation's Headquarters in Tokyo, Japan. During this time, I worked on a number of projects. My main project was to conduct a comparative analysis of the leadership development and training/development systems in U.S. and Japanese companies, and to identify American methods that would be applicable to Japanese culture. I also worked on evaluating performance appraisal/MBO systems and developing recommendations for the feedback process.

The leader of the Executive Compensation and Planning Group, which directed me, is Mr. Ushio. Mr. Takemura of the HR Division, also guided me, and Mr. Nakajima was my direct supervisor in my work.

Besides these projects, individual sections of the HR division met with me to present the objectives and content of their work and answer my questions about the distinctive characteristics of HR in Japan. I had the opportunity to visit a number of Toshiba operations around Tokyo ranging from a heavy industry plant to a cutting-edge research center. These visits gave me a nice overview of the manufacturing management systems at Toshiba and provided me with an opportunity to discuss

the HR systems and potential challenges with many local experts. From the professional perspective, I really enjoyed learning about Japanese culture and analyzing the differences between HR systems in the U.S. and in Japan. Although I expected disparately different systems, I found that there are many similarities. The main differences are in details and arise from the different cultural and historical development of both countries. As some people say, "even though the systems are 95 % the same, it is the remaining 5 % that makes the huge difference."

Of course, the internship was not just work. I really enjoyed living in the Tokyo area. Tokyo's blended mixture

*Jakub Sovina at the top of Mt. Fuji, Japan*



of history and ultra-modern technology is a unique experience. The opportunities for sightseeing, traveling, making new friends, and having any kind of fun are really extensive—from traditional bars and clubs or Karaoke, to climbing Mt. Fuji and visiting Japanese hot springs. I attempted to try as much as possible, but I would have needed a lot more time than nine weeks to try everything.

I am really grateful to Toshiba HR Division and CAHRS for giving me this wonderful

opportunity and a great learning experience. I would certainly recommend the Toshiba internship to every ILR student who is considering internship opportunities for the next summer. *hr*

For more information about the CAHRS Toshiba Internship opportunity, contact Michelle Eastman at [mre2@cornell.edu](mailto:mre2@cornell.edu), or 607-255-2790.



*Jakub with the group of Toshiba employees he worked with in the HR Division.*

*Bruce Carswell on ... The Verizon Foundation Donation*

## Sponsor-Student Research Assistantships Needed

Each year starting in 1999, GTE (now Verizon), has provided annual grants of \$100,000 to finance outstanding students to work with CAHRS and the ILR faculty. These grants allow students to provide current, value-added relevant research on key human resource issues which impact CAHRS Sponsors and the human resource community.

I work periodically with the students as Visiting Executive Director of CAHRS to help ensure relevance and quality. Among the ILR students, the Verizon Assistantships are a sought after opportunity that attract the best. To be honest, I often feel that they are teaching me vs. my providing guidance to them.

This year's Verizon-sponsored students are Peder Jacobsen, Megan Wherry, and Sarah Yeung, all very talented students who are exceptionally attracted to the field of HR research. "I became interested in CAHRS when I was applying to the Cornell ILR program," says Sarah, "I was interested in both academic research and the practical applications of HR, particularly in a global context. CAHRS is a perfect combination of theory and practice, offering me the opportunities to explore both arenas."

The students work closely with many individuals in various Sponsor organizations to obtain input with respect to the researched issue, and assure relevance and value to CAHRS Sponsors. At one time, I led the HR function at GTE and I am personally happy with what we are giving back to our function through this CAHRS grant and effort.

During this four-year period, the program has supported twelve students on approximately 23 formal research projects, as well as a number of quickie surveys, working with involved HR faculty, various companies and me. As Verizon Research Assistants our students have been involved with several primary projects working with ILR professors. "I have been working with Professors Wright and Snell to analyze the HR Strategy survey research conducted by my colleagues last year," expressed Peder. "My other main project was to conduct background research for the Fall Sponsor meeting...I focused specifically on the contributing roles of Executive Compensation and Board Relations to corporate malfeasance and high-profile governance scandals. Through exposure to several non-HR topics, such as director independence, the role and function of the audit committee, and the emerging governance guidelines proposed by institutional shareholders and equity markets, this research has augmented my ability to identify ways in which people practices underlie the success of the firm. The opportunity to participate directly in the conference helped put our research in perspective. I think this point underscores the most important aspect of my CAHRS experience." The most recent research dealing with Corporate Governance was presented

at our November CAHRS Sponsor meeting and I urge you to request this material, if you haven't already received it. It was a valuable contribution.

The original concept and the current program, I believe, has now proved itself in value to education and involvement with industry, and to CAHRS sponsors and the HR community. While Verizon will continue to provide some funding for this program, I believe it is time for other Sponsors to help share in this effort. Megan explains, "I feel very privileged to be in my second full year of the Verizon assistantship. It has been a tremendously rich experience for me - far beyond the typical assistantship. I have really enjoyed the research projects, particularly working on the best practices study. Most of all,

though, I think I have benefited the most from our frequent exposure to the executive CAHRS sponsors themselves. These leaders are truly among the best in the entire field and they have so much insight from which to learn."

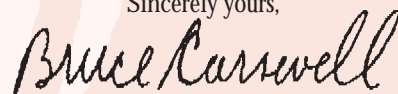
Many of you have Foundations that provide funds for various education efforts, which was the genesis of the original (GTE) Verizon grant. It was viewed as enhancing education in the HR area, which was particularly important since people are the greatest asset (or possible barrier) in the success of companies in this increasingly complex economic world.

This is the time of year the Foundations, and companies, consider their 2003 grants or fund donations for a variety of purposes. I would hope you will consider this program as worthy of funding, based on education, research of important HR issues, and continuing value to you our sponsor companies. Verizon will be continuing some funding and I will continue to donate my time, but we need to begin broader based funding to assure that the longer term activities of the program are win/win for Sponsors, faculty, students and the HR community.

I would appreciate you calling Pam Stepp with your interest in contributing, but you are also welcome to call me with respect to any questions on the program. For planning purposes of 2003 and beyond, it would be helpful to think in terms of contributions of at least \$5,000 annual increments. I truly believe it has been an outstanding program, with great students, faculty, company involvements and sponsor benefits.

Any input you could provide to Pam Stepp over the next few weeks would really be helpful in our planning for next year.

Sincerely yours,



Bruce Carswell

Visiting Executive Director, CAHRS



**Megan Wherry, Peder Jacobsen, Pam Stepp, Bruce Carswell and Sarah Yeung**

*Company HR Profile***Coca-Cola, Inc.**

While most U.S. companies struggle with an ongoing recession, the \$20 billion Coca-Cola Company has boosted earnings more than 80 percent in the last year. A key reason: the \$20 billion corporation generates more than three-quarters of its operating income outside of North America.

In 2001, more than 76 percent of Coca-Cola's \$5.4 billion operating income came from its international business. The company has 38,000 employees and operations in hundreds of countries. Its worldwide brands include Coca-Cola, Minute Maid, Hi-C, Simply Orange, and Disney juices; POWERADE and Aquarius; Dasani, Ciel and Bonaqua bottled water; Qoo in Asia, Kapo in Latin America and Bibo in Africa; Georgia Coffee and Marocha Green Tea in Japan; Senzao, a guaraná-flavored beverage in Mexico; Turkuaz, Turkey's first purified water brand; and Beverage Partners Worldwide, the company's marketing partnership with Nestlé S.A.

"That's why our biggest human resources challenge is helping management enable change in an ever-changing world," says Coretha Rushing, Senior Vice President of HR. Rushing, who was named to her current post in 2000, came to Coca-Cola in 1996 as director of human resources for the company's corporate communications, external affairs and legal functions. She received a master's degree from George Washington University and a bachelor's from East Carolina University.

Because of its geographic breadth, Coca-Cola's human resources has been managed on a decentralized basis to date. But according to Rushing, "We're moving to a more centralized model. We've recognized we're losing the opportunity to share best practices in people leadership and people management around the



Coretha Rushing

world." Rushing says there may be many areas where it makes sense for HR operations in countries to be the same. For example, talent reviews.


"Every Coca-Cola line of business used to do talent reviews its own way," she says. "In summer 2002, HR introduced a consistent corporate approach. Now we have a way of comparing strengths and skills company-wide."

Reporting to Rushing, Coca-Cola's U.S. HR group, which includes 145 professionals, is organized in a matrix structure, with dedicated HR specialists for each of the company's lines of

business, as well as, process owners for compensation, benefits, training and other HR functions.

"Our strategic goal is to continue improving the integrity of HR programs with all business initiatives, put metrics in place, and modify them so they're relevant and consistent with the business direction," says Rushing. "We also want to execute as effectively and efficiently as possible, and support our leadership team in change."

In addition, her U.S. group will help Coca-Cola face several key near term issues:

- **Rising health care costs:** "We need to tell our people how great their programs are. This means communications."
- **Acquisitions:** "Balancing employee need-to-know with legal requirements is tricky. We want to tell our people as soon as possible, but sometimes we can't."
- **The war:** "Many of our employees, particularly in the security area, are in the reserves. We're creating a program for covering their jobs while they're on extended military leave." 

*Coca-Cola, Inc. joined CAHRS in 2002; the 'Company Profile' series feature a corporate HR view of new CAHRS sponsors.*

# In The News



Sarosh Kuruvilla

**Sarosh Kuruvilla Promoted to Full Professor** - Dr. Kuruvilla, Professor of Collective Bargaining, Comparative Industrial Relations and Asian Studies, joined Cornell's faculty in 1990. His research interests focus broadly in the area of comparative industrial relations and specifically on the linkages between economic development strategies, national industrial relations and human resource policies, and industrial relations and human resource practices of firms. Although his prior research has focused on Scandinavia and Western Europe, much of his current research focuses on Asia and the developing world. He has published over 50 refereed journal articles and edited one book. He serves as a consultant to Several Asian governments, the ILO and the World Bank. He has also served as Research Director of the ILO-Japan Research Program on the Impact of Globalization on Employment Relations in Asia. He has been a Visiting Professor at the Aarhus Business School, Denmark, and the University of the Philippines. Professor Kuruvilla started his career in industry as a labor relations and human resources manager for Madura Coats Lts., a subsidiary of the Anglo-Australian Multinational (Coats-Bonds-Patons). After switching to academics, he served as Research Consultant to the Swedish Confederation of Professional Associations, before joining Cornell as an Assistant Professor in 1990.



John Boudreau

**John Boudreau Promoted to Full Professor** - Dr. Boudreau, Professor of Human Resource Studies, has research interests which address strategic human capital measurement, talent strategy, decision-based HR, executive mobility, HR information systems and organizational staffing and development. He has received the Academy of Management's Organizational Behavior New Concept and Human Resource Scholarly Contribution awards. Professor Boudreau is an active member of the Academy of Management and Society for Industrial and Organizational Psychology, having served on the executive committees of both organizations. Professor Boudreau consults and conducts executive development with companies worldwide, and is a Fellow of the National Academy of Human Resources. Dr. Boudreau has published more than 40 books and articles. His research findings have been published in Management Science, Academy of Management Executive, Journal of Applied Psychology, Organizational Behavior and Human Decision Processes, Personnel Psychology, Asia-Pacific Human Resource Management, Human Resource Management, Journal of Vocational Behavior, Human Relations, Industrial Relations, Journal of Human Resources Costing and Accounting, and Personnel Administrator.



George Boyer

**George Boyer ILR's New Director of Teaching** - Dr. Boyer was recently appointed to a three year term as the ILR School's Director of Teaching. In this capacity, he will be a prime advocate and catalyst for teaching excellence and help ensure that classroom instruction continues to be a high priority in ILR. He serves on the School's Teaching Advisory Committee, which will remain a primary institutional mechanism for this purpose. Professor Boyer himself, a Professor in the Department of Labor Economics in the ILR School, was recently recognized for excellence in teaching when he received the General Mills Award for Exemplary Teaching in the Spring of 2002. Dr. Boyer's current research examines various aspects of labor markets in Victorian Britain, including trends in working class living standards, the economics of poor relief and private charity, migration and labor market integration, and the effect of trade unions on wage rates. Most recently, he has constructed, along with co-author Timothy Hatton of the University of Essex, new estimates of British unemployment rates from 1870 to 1913. He is Associate Editor, Industrial and Labor Relations Review; Editorial Board Member, Social Science History; and former Editorial Board Member, Journal of Economic History. Professor Boyer's teaching includes a required undergraduate course on the Development of Economic Institutions and electives on the Economic History of Great Britain and the United States in the Nineteenth and Twentieth Centuries. He is the author of "An Economic History of the English Poor Law, 1750-1850," and of numerous articles in the field of economic history. He came to Cornell in 1982, after receiving his Ph.D. in Economics at the University of Wisconsin.

**ILR Business Strategy Students Bring Home the Trophy** - ILR students won the Spring 2002 Cornell Business Strategy Case Competition. The winning team members are Amy Gerhard, Tom Mendez, Catherine Robbins, Nandini Vohra and Wendy Wu. The competition was held during the Spring Semester between the Business Strategy classes of Professor Mark Shadur in ILR and Professor Daniel Simon in Applied Economics and Management (AEM). The competition is an innovation established by ILR Professor Chris Collins and AEM Professor Daniel Simon in the Fall of 2001, and the plan is to continue this event each semester that the strategy courses are taught. The competition is judged by independent experts and three consultants from Accenture adjudicated. The school with the winning team

*Continued on next page.*

October 9, 2002

## IBM CAHRS Executive Briefing

Twenty-six corporations visited the IBM Learning Center in October for the CAHRS/IBM Executive Briefing. Lou Gerstner, IBM's Chairman of the Board, began the one-day event in Armonk, NY, by provoking the thinking of the HR leaders with his real case example of change management and cultural transformation during his tenure at IBM. The HR executives were honored to hear first-hand what inspired Gerstner to write his recently published book, *"Who Says Elephants Can't Dance."*

Senior Vice President of Human Resources, IBM, and CAHRS Advisory Board Chairman, Randy MacDonald, organized the informative, educational event. Learning about ensuring accountability, differentiating competitiveness through workforce diversity, making pay for performance a reality, driving performance through learning, attracting and motivating talent in the IT industry, e-workplace, and Web use to develop professionals - captivated the audience's interest. One sponsor commented, "the IBM Learning Center may be difficult to replicate, even the hostesses in the cafeteria were a reflection of IBM's focus on customers."

Other IBM speakers and topics included: Harriet Pearson, IBM VP of Workforce Effectiveness, *Setting the Direction in Ensuring Accountability*; Ted Childs, IBM VP of Workforce Diversity, *Workforce Diversity - a Competitive Differentiator*; Diane Gherson, IBM VP of Compensation & Benefits, *Making Pay for Performance a Reality*; Ted Hoff, IBM VP of Learning, *Driving Performance Through Learning*; Donna Riley, IBM VP of Talent,

*Attracting, Motivating & Retaining the Best Talent in the IT Industry*; Jon Iwata, IBM Senior VP of Communications, *IBM's e-Workplace*; and Frank Persico, IBM Director of HR, Executive Resources and Development, *Using the Web to Develop Human Resources Professionals*. The briefing was concluded with an open forum conducted by Randy.

Evaluations of the event were incredibly positive. MacDonald's team was so well prepared and engaging, the energy level remained high for the entire day and guests left inspired.

The next briefing will be hosted by John Hofmeister, Director of Human Resources for Royal Dutch Shell in London, England on June 27, with a dinner on June 26, 2003. [hr](#)

If you would like more information about hosting a CAHRS Executive Briefing contact Dr. Pamela Stepp, Managing Director, CAHRS.



**Randy MacDonald, Senior Vice President of Human Resources, IBM and CAHRS Advisory Board Chairman, with Lou Gerstner, Chairman of the Board, IBM.**

holds a trophy until the next competition and the first place team receives \$500 with second and third placed teams receiving \$250 and \$100. AEM students carried second and third place this semester. We are especially proud of the ILR team given that our students are not required to take the same types of business classes (e.g., finance, accounting, marketing) as do the AEM students. The judges applauded the creativity, feasibility of implementation and enthusiasm of the winning ILR team.



**The new OSS employees: Bryan Nance, Laura Lewis, Kevin Harris and Virginia Freeman.**

few new people to introduce. Virginia Freeman, Registrar, is still a vital member of the OSS team. In late summer, Barry Taylor left Cornell to accept the position of Associate Dean and Senior Admissions Officer for Princeton and, while we have missed him, we congratulate him on this great opportunity. Kevin Harris joined OSS as Associate Director of Advising and Counseling in late September. His previous position was Assistant Director in the Office of State Programs (EOP/HEOP) in Day Hall, so he is already comfortable with campus resources. Bryan Nance, former Assistant Director of Admissions in the College of Agriculture and Life Sciences, just recently accepted the position of Associate Director for Minority Education Affairs in OSS. OSS is delighted to have both Kevin and Bryan join the office.

**ILR Office of Student Services Changes** - The Office of Student Services (OSS) has experienced a number of changes in the past seven months. In early July, Laura Lewis, Associate Director, was appointed Acting Director of the office after the loss of Jim McPherson, Director of the Student Services office. The unexpected loss of Assistant Dean McPherson impacted the ILR School and community. Mr. McPherson had been with the school for over 20 years and is dearly missed. Since then the office has undergone several changes. Ms. Lewis was recently named the permanent Director, and while there are some familiar faces in OSS, there are a

Restoring Trust

# CAHRS Fall Sponsor Meeting

While investor confidence continued to plummet from corporate scandals that draw public attention, Cornell faculty and CAHRS Sponsor executives met on campus to address "Restoring Trust: HR's Role in Corporate Governance." Professor Pat Wright began the meeting presenting a framework addressing the role of morality, values, and ethics in exploring what is good governance in our organizations.

Cornell Law Professor Larry Palmer, known for his bioethics scholarship, led the panel "What Is Good Corporate Governance?" Panelists: Cornell Law Professor Jonathan Macey, discussed the importance of independent Board members and non-biased research about corporate governance; Patrick McGurn, Vice President and Special Counsel of Shareholder Services, recapped unethical corporate behavior and how new legislation will make changes; and Bill Pollard, Former CEO and Chairman of ServiceMaster, shared his story about mandating ethics to promote a moral organization.

Conference participants learned about the role of HR in governance from cases presented about TRW by Executive Vice President, Howard Knicely; Qwest by former Executive Vice President, Ian Ziskin; and Monsanto by Senior Vice President John Murabito. The relationship of executive pay to governance presenters: Cornell HR Professor, George Milkovich; Senior Vice President, Novartis, Dermott Whalen; Vice President, Coca-Cola, Karen Macke; and Vice President, TRW, Ann Killian, promoted much interaction, particularly when Milkovich asked how should we consider the rule of law when examining appropriate executive pay?

On Friday, participants were given the opportunity to interact in roundtables, discussing their thoughts about issues presented. The rest of the morning was devoted to ethics. Sam Jenkins, Ethics Officer at Boeing, presented the Boeing view about the role higher education plays in building tomorrow's ethical leaders. Johnson Graduate School of Management Dean Bob Swieringa and ILR Associate Dean Robert Smith presented their view of ethics education at Cornell.

The CAHRS Verizon students Megan Wherry, Peder Jacobsen, and Sarah Yeung, concluded "Approaching Ethics at Cornell" and the program, with a research presentation. The students received 313 responses to their online survey of Cornell MBA and MILR students about corporate governance. They learned that the student's most important attributes for future employment are specific job responsibilities and geography/office location. Values/Mission is a consideration, though 30% reported only somewhat of an impact and, two-thirds of the students reported that the ethics of top managers had either -quite an influence or -very much of an influence on their decision-making.

The next Sponsor meeting is scheduled for Spring, May 7-9, 2003, in Ithaca, NY. [hr.cornell.edu](http://hr.cornell.edu)

For more information, please contact: Jo Hagin, Executive Staff Assistant, Cornell University, CAHRS 187 Ives Hall, Ithaca, NY 14853-3901 USA Phone: 607-255-9358; Fax: 607-255-4953; Email: [jap7@cornell.edu](mailto:jap7@cornell.edu)

**Sam Jenkins,  
The Boeing  
Company**



**Karen Macke,  
Coca-Cola**



**John  
Murabito,  
Monsanto  
Company**



**Ken Murphy, Philip Morris USA and Randy Kiviat, Hartford Financial Services Group**



**Howard Knicely, TRW; Gail Baity, Corning and Bill Rosner, PNC**



## Sponsor Participation Opportunity

## HR Metrics Spring 2003

When Professor John Boudreau conducts leadership development programs with the presidents and chief officers of major business units, he asks them, "As a business leader, are your decisions about people as logical, consistent and business-connected as your decisions about other resources such as money, technology, and advertising?" Invariably, business leaders admit they are not as good at people decisions, even though people decisions are increasingly crucial to their success. They respect and value HR, but admit that great HR programs don't necessarily create great people managers.

Boudreau's "Strategic HR Metrics" class aims to fix that. "Research shows that the key is enhancing decisions about talent. Finance enhances decisions about money and Marketing enhances decisions about customers. Future HR leaders will be accountable for improving organizational success by enhancing decisions about talent wherever they are made, whether by HR leaders, employees, managers, shareholders or others. Tomorrow's HR must become more like today's Finance and Marketing, and our students need to be ready."

In the 1970's, Dr. Boudreau noticed that, "Virtually every other class in my MBA program, such as Finance, Marketing, and Operations, created decision models illustrated with examples of million-dollar effects on organizations. Yet, in all my classes in personnel, human resources and organizational behavior, I never saw a single dollar-valued example or application. That was just the state of the HR field at the time."

So, in the fall of 1984, Professor Boudreau set out to change that, creating the first class on measuring the financial impact of human resources in organizations. Almost 20 years later the class has become "Strategic HR Metrics," a unique graduate-level seminar that provides Cornell University students with the frameworks, skills and tools to uncover and measure the connection between human capital — or "talent," and the strategic success of organizations.

In the early 1980's, the class used techniques to "put dollar values on human resources and human resource programs" using human resource accounting and activity-based costing. In the late 1980's,



**HR Metrics students presenting their final live-case presentation to executives from The Limited in a private meeting at Cornell University.**



**HR Metrics student presentation with Paderborn University, Germany, linked via video-conference on the classroom screen.**


the class was one of the first to introduce computer-based tools. Today, distance-learning technology connects the class with faculty and graduate students worldwide, such as Paderborn, Germany in 2001.

In the late 1980's, Professor Boudreau introduced the "live case," where teams of students work for an entire semester in an actual company, developing measurement systems addressing real organizational issues. Since then, the class has seen over 50 live cases. (See the sidebar for a list of companies and live-case titles from recent classes.)

At the end of the semester, student teams don't just hand in their term paper to Professor Boudreau, they also present their results in-person, often at company headquarters. Students say, "The live case is the hardest work I did in my classes, and the place I learned the most." Live-case companies tell us they've never imagined students could produce such insightful and professional results in just a few months.

"Strategic HR Metrics" teaches students to connect an organization's decisions about its talent with its strategic success, and how to measure that connection. The class uses the HC BRidge(tm) framework and tools that Professor Boudreau and his partner Pete Ramstad developed, and have used successfully as consultants for many years.

As Professor Boudreau says, "Tomorrow's HR will extend today's focus on excellence in program delivery and cost-effective service, to focus on making world-class decisions about talent that drive global strategic success. Hopefully, this class will inspire and prepare the new generation of HR professionals for this exciting new world."

You can learn more about the decision science of talent, called "Talentship," in the CAHRS working paper by Professor Boudreau and his partner Pete Ramstad, at the following link: <http://www.ilr.cornell.edu/CAHRS/PDFs/WorkingPapers/WP02-10.pdf> . 

To find out more about this course, please visit the following web link: <http://www.ilr.cornell.edu/cahrs/HRMetrics.html> .

## Previous HR Metrics Company Cases

**BOEING**

Measuring the Value of PeopleSoft and an HR Data Warehouse

**CITIGROUP**

Building the "HR Dashboard"

**GENERAL ELECTRIC**

Developing a Strategic Measurement and Management System for Contingent Workers  
Measuring the Strategic Quality Impact of Different Talent Sources

**JPMORGAN CHASE & CO.**

Measuring the Talent Impact of the JP Morgan Chase Bank Merger

**RAYTHEON**

Strategic Diversity Measurement and Management

**SHELL**

Designing a Balanced Scoreboard for Shell People Services

**SONY**

Articulating and Measuring the Value of the Employment Brand

**THE LIMITED**

Strategic Value of Recruiting

**XEROX**

The Impact of e-Recruiting

# CAHRS EVENTS CALENDAR

## 2002/2003

### Executive Guest Lecture -

Developing Leadership and Culture at IBM . . . . . November 7 - Rescheduled  
*Federico Castellanos, VP of Human Resources*  
*Global Sales & Distribution, IBM*

### Executive Guest Class Lecturers -

*John Hofmeister, HR Director* . . . . . November 12, 2002 London, UK  
*Royal Dutch/Shell Group of Companies and*  
*Dennis Liberson, Executive VP, HR & Corp. Real Estate* . . . . . November 15, 2002 Ithaca, NY  
*Roberta Douma, VP of Human Resources Capital One*

CAHRS Fall Sponsor Meeting 2002 . . . . . November 13-15, 2002 Ithaca, NY  
"Restoring Trust: HR's Role in Corporate Governance"

CAHRS Spring Sponsor Meeting 2003 . . . . . May 7-9, 2003 Ithaca, NY

CAHRS Executive Briefing Profiling Shell . . . . . June 26-27, 2003 London, UK

CAHRS Sponsor Executive Roundtables . . . . . August 26, 2003 Ithaca, NY  
for the ILR Student Orientation

International Human Resource Executive . . . . . Postponed to Fall 2003 Ithaca, NY  
Development Program, (A One-Week Program)

CAHRS Fall Sponsor Meeting 2003 . . . . . November 12-14, 2003 Ithaca, NY

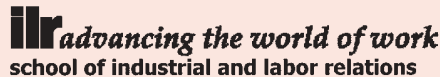
### Other ILR Events

Managing for Impact: Driving Firm Performance Through HR . . . . . March 20-21, 2003 Chicago, IL

Delivering Competitive Advantage . . . . . March 30 - April 4, 2003 Ithaca, NY  
through HR Systems

Creating Competitive Advantage through People . . . . . September 28 - October 3, 2003 Ithaca, NY

For more information, contact Jo Poole at 607/255-9358 or email: [jap7@cornell.edu](mailto:jap7@cornell.edu), or visit our website at:  
<http://www.ilr.cornell.edu/cahrs/Calendar.html>



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